



## AGREEMENT

between

FEDERAL-MOGUL CORPORATION and THE VELLUMOID COMPANY

AGREEMENT dated ~~July~~ <sup>August</sup> 11, 1965 (hereinafter called the "Agreement") between FEDERAL-MOGUL CORPORATION, a Michigan corporation having its principal office at 11031 Shoemaker Avenue, Detroit, Michigan, 48213 (hereinafter called "Mogul") and THE VELLUMOID COMPANY, a Massachusetts corporation having its principal office at 54 Rockdale Street, Worcester, Massachusetts, 01606 (hereinafter called "Vellumoid").

In consideration of the mutual covenants, agreements, representations and warranties herein contained, the parties hereto agree as follows:

1. Sale of Assets and Business by Vellumoid. In reliance on the representations and warranties of Mogul contained herein, and on the terms and subject to the conditions of this Agreement, at the Closing hereunder, Vellumoid will (except to the extent it is prohibited from so doing as set forth on any of the schedules delivered to Mogul pursuant to Section 7 hereof) sell, convey, transfer, assign and deliver to Mogul all of the assets, properties and rights of Vellumoid of every type and description, real, personal and mixed, tangible and intangible, other than cash and prepaid insurance as shown in Column 2 of Exhibit A attached hereto, and its business as a going concern, including, without limitation, all stocks, bonds, and other securities, good will, the name "Vellumoid" and all variants thereof, patents, trade-marks, trade names, brand names, copyrights and interests thereunder, pending applications for patents, trade-marks and copyrights (specifically including, but without limiting the generality of the foregoing, all patents, trade-marks and copyrights or applications therefor relating to Velcon and Velclad), inventions, processes, know-how,

formulae, trade secrets, real estate and interests therein (including, but not limited to, fee interests, reversions, leaseholds and all other interests), buildings, machinery, equipment, notes and accounts receivable, stock subscriptions receivable, work in process, inventories of raw materials, finished products and supplies, fixtures, rights under contracts and agreements, franchises, all rights in any funds of whatever nature, books and records (other than Vellumoid's minute books and stock records) and all other property and rights of every kind and nature owned or held by Vellumoid on the Closing or then used by it in its business whether or not specifically referred to in this Agreement. The assets, properties, rights and business of Vellumoid to be transferred to Mogul hereunder are hereinafter called the "Vellumoid Assets". Without limiting the generality of the foregoing it is agreed that the Vellumoid Assets shall include all of the assets, properties and rights reflected on the Balance Sheet of Vellumoid as at December 31, 1964 referred to in Section 7(e) hereof, other than cash and prepaid insurance as shown in Column 2 of Exhibit A attached hereto, except such assets, properties and rights as may have been disposed of prior to the Closing in the ordinary course of business or with the express written consent of Mogul or as expressly disclosed herein or permitted hereby.

2. Purchase of Assets and Business by Mogul. In reliance on the representations and warranties of Vellumoid contained herein, and on the terms and subject to the conditions of this Agreement, at the Closing hereunder, Mogul will purchase the Vellumoid Assets and in full consideration thereof and payment therefor will, in the manner herein provided:

(A) At the Closing hereunder -

(1) Deliver to Vellumoid a certified or bank cashier's check or checks, payable to or on the order of Vellumoid in Boston funds in

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the aggregate amount of \$2,300,000.00;

(ii) Assume and agree to pay and discharge in due course (A) all debts and liabilities of Vellumoid existing on the Closing to the extent set forth on, reserved against or reflected in the Balance Sheet of Vellumoid as at December 31, 1964 referred to in Section 7(e) hereof and (B) all debts and liabilities of Vellumoid existing on the Closing, to the extent set forth on, reserved against or reflected on the balance sheet as of the Closing to be prepared pursuant to Section 4 hereof, incurred subsequent to December 31, 1964 by Vellumoid in the ordinary course of business, other than in all cases (a) liabilities against which Vellumoid is insured or otherwise indemnified, to the extent of such insurance or indemnification, (b) liabilities of Vellumoid to its shareholder arising out of its relationship as such shareholder, (c) liabilities, if any, incurred by Vellumoid as a result of transactions which may be entered into in violation of the terms of this Agreement, (d) liabilities for any federal, state, or local income tax or tax based upon or measured by income or gain which may be asserted against Vellumoid as a result of the sale and delivery of assets provided for herein or operation of the business of Vellumoid prior to the Closing, and (e) debts, obligations and liabilities of Vellumoid as shown in Column 3 of Exhibit A attached hereto; and

(iii) Assume and agree to observe, perform and fulfill the terms and conditions to be observed, performed and fulfilled by Vellumoid under all lawful executory contracts, agreements, leases, licenses, commitments and undertakings (other than those, if any, required to be listed or described, but not listed or described, in the schedules delivered to Mogul pursuant to Sections 7(j), (k) and (l) hereof and

those, if any, entered into subsequent to the date hereof in violation of Section 10 hereof) duly assigned to Mogul at the Closing hereunder.

(B) At the Settlement hereunder deliver to Vellumoid a certified or bank cashier's check or checks, payable to or on the order of Vellumoid in Boston funds, in an aggregate amount equal to (1) \$222,712.55, (2) the Net Balance Sheet Change (as defined in Section 4) from December 31, 1964 to the Closing, and (3) interest at the rate of  $4\frac{1}{2}\%$  per annum for the period from the Closing to the Settlement on the sum of (or, in the event said Net Balance Sheet Change shall be a reduction, the difference between) the foregoing items (1) and (2).

3. Closing. The Closing hereunder (herein called the "Closing") shall take place at 10:00 a.m. o'clock local time on August 31, 1965 at the offices of the Dewey and Almy Chemical Division of W. R. Grace & Co., 62 Whittemore Avenue, Cambridge, Massachusetts, or at such other time and place as the parties hereto shall agree upon.

4. Settlement. Vellumoid and Mogul shall, with their own employees and/or (at either party's option and at such party's expense) through independent accountants, conduct an examination of the books and accounts of Vellumoid as of the close of business on the Closing date and shall, not later than 60 days after the Closing, prepare a balance sheet of Vellumoid as at the date of Closing, and determine the amount of the Net Balance Sheet Change from December 31, 1964 to the date of Closing. In the event of any dispute in arriving at such determination, Vellumoid and Mogul shall submit such dispute to Price Waterhouse & Co. and shall be bound by the decision of said Price Waterhouse & Co. with respect thereto; the parties shall share the cost of such submission to Price Waterhouse & Co. The aforesaid balance sheet as of the Closing date shall be prepared in

...ance with generally accepted accounting principles applied on a basis con-  
 ...tent with the Balance Sheet as at December 31, 1964 and past accounting prac-  
 ...s of Vellumoid. The Net Balance Sheet Change shall be computed by deducting  
 ...amount of the total assets less liabilities as shown on the Balance Sheet  
 ...at December 31, 1964 from the total assets less liabilities as shown on the  
 ...ance sheet as at the date of Closing, in each case omitting all amounts in  
 ...accounts shown in Columns 2 and 3 of Exhibit A attached hereto.

The settlement hereunder (herein called the "Settlement") shall take  
 ...on November 15, 1965 at the offices of the Dewey and Almy Chemical Divi-  
 ...of W. R. Grace & Co., 62 Whittemore Avenue, Cambridge, Massachusetts, or  
 ...such other time and place as the parties hereto shall agree upon.

5. Vellumoid's Obligations at Closing; Further Assurances. At the  
 ...ing, Vellumoid will deliver to Mogul (A) such good and sufficient full cov-  
 ...ant and warranty deeds, bills of sale with covenants of warranty, endorsements,  
 ...assignments and other good and sufficient instruments of sale, conveyance, trans-  
 ...er and assignment, in form and substance satisfactory to Mogul's counsel, with  
 ...required transfer taxes paid and federal and state documentary and revenue  
 ...stamps affixed, as shall be required or as may be desirable in order effectively  
 ...vest in Mogul good, indefeasible and marketable title to the Vellumoid Assets  
 ...es and clear of all leases, liens, encumbrances, mortgages, conditional sales  
 ...and other title retention agreements, pledges, assessments, covenants, restric-  
 ...ions, reservations, easements and other burdens of every nature whatsoever ex-  
 ...cept those herein specifically provided for, and (B) all of the files, documents,  
 ...papers, agreements, formulae, books of account and records pertaining to the  
 ...business conducted by Vellumoid, other than Vellumoid's minute books and stock  
 ...records, it being agreed by Mogul that all such files, documents, papers, agree-  
 ...ments, books of account and records shall be retained by Mogul until such time

Mogul shall return them to Vellumoid or Vellumoid shall consent in writing to their destruction, and during such time, said files, documents, papers, agreements, books of account and records shall be open to examination by representatives of Vellumoid at all reasonable times, provided, however, that all such files, documents or papers which relate to or contain technical information regarding products, processes or know-how may be kept secret and confidential by Mogul except as may be reasonably requested by Vellumoid for the purpose of prosecuting or defending any suit, action or proceeding or threatened suit, action or proceeding.

Mogul may designate in a writing delivered to Vellumoid not less than ten days prior to the Closing one or more corporations to be named as grantee in any instruments of sale, conveyance, assignment and transfer, provided that any such grantee shall be a wholly-owned subsidiary of Mogul. At the Closing and at any time or from time to time thereafter, Vellumoid shall at the request of Mogul also take all action necessary to put Mogul in actual possession and operating control of the Vellumoid Assets and shall execute and deliver such further instruments of sale, conveyance, transfer and assignment, and take such other action as Mogul may request in order more effectively to sell, convey, transfer and assign to Mogul any of the Vellumoid Assets, to confirm the title of Mogul thereto and to assist Mogul in exercising rights with respect thereto.

6. Mogul's Obligations at Closing and Settlement.

(a) At the Closing, Mogul will, upon due performance by Vellumoid of its obligations specified in Section 5 hereof:

(1) Deliver to Vellumoid the check or checks provided for in clause (A)(1) of Section 2 hereof;

(11) Execute and deliver to Vellumoid a valid and binding undertaking whereby Mogul assumes and agrees to pay and discharge, in

due course, the debts and liabilities of Vellumoid which, pursuant to clause (A)(ii) of Section 2 hereof, Mogul has agreed to assume; and

(iii) Execute and deliver to Vellumoid a valid and binding undertaking whereby Mogul assumes and agrees to observe, perform and fulfill the terms and conditions to be observed, performed and fulfilled by Vellumoid under those contracts, agreements, leases, licenses, commitments and undertakings which, pursuant to clause (A)(iii) of Section 2 hereof, Mogul has agreed to assume.

(b) At the Settlement, Mogul will, upon due performance by Vellumoid of its obligations specified in Section 5 hereof, deliver to Vellumoid the check or checks provided for in clause (B) of Section 2 hereof.

7. Representations and Warranties by Vellumoid. Vellumoid represents and warrants to Mogul as follows:

(a) Vellumoid is a corporation duly organized, validly existing, and in good standing under the laws of the Commonwealth of Massachusetts. Vellumoid is licensed or qualified as a foreign corporation in good standing under the laws of the States of California and Michigan, and neither the character or location of the properties owned by it nor the nature of the business transacted by it makes license or qualification in any other foreign jurisdiction necessary (with the possible exception of Oregon). Vellumoid has full power and authority to carry on its business as it is now being conducted and to own and operate its assets, properties and business. The copies of its Articles of Incorporation and all amendments thereto to date (certified by the Secretary of State of the Commonwealth of Massachusetts) and of its bylaws as amended to date (certified by its Clerk) which have been delivered to Mogul are true, complete and correct.

(b) The authorized capital stock of Vellumoid consists of 1,500 shares of 4 1/2% Prior Preference Stock, par value \$100 per share, 450 shares of 7% Preferred Stock, par value \$100 per share, and 3,050 shares of Common Stock, par value \$100 per share, all of which have been validly issued and are outstanding, fully paid and non-assessable. There are no outstanding subscriptions, options, warrants, calls, commitments or agreements to which Vellumoid is a party or by which it is bound relating to Vellumoid's authorized or issued common stock.

(c) Except as set forth on a schedule (certified by the Treasurer of Vellumoid) heretofore delivered to Mogul, Vellumoid has no subsidiaries or affiliates, nor does it own any stock, bonds, or other securities of, or have any proprietary interest in, any other corporation, association or business organization, nor does it control the management or policies of any other corporation, association or business organization by means of a management contract or otherwise.

(d) The directors and officers of Vellumoid are as follows:

<u>Name</u>	<u>Office Held</u>
George W. Blackwood .....	President and Director
Robert W. Samuels .....	Treasurer and Director
Rodney M. Vining .....	Vice President and Director
Harry A. Brown .....	General Manager and Director
Charles F. Dugan .....	Clerk
Felix E. Larkin .....	Director
William L. Taggart .....	Director

(e) The following financial statements of Vellumoid, copies of which were delivered to Mogul by Vellumoid by letter dated May 21, 1965, are true and complete and have been prepared in accordance with generally



accepted accounting principles applied on a basis consistent with past accounting practices of Vellumoid: The General Ledger Trial Balance for The Vellumoid Company, as adjusted, covering both the Profit and Loss Statement and the Balance Sheet for the year 1964. The aforesaid balance sheet as at December 31, 1964, as adjusted, is herein referred to as the "Balance Sheet" and is also shown in Column 1 of Exhibit A attached hereto. Wherever reference is made herein to the "Balance Sheet" of Vellumoid it shall refer to the balance sheet of Vellumoid as at December 31, 1964, as adjusted, described above.

(f) Except (i) as and to the extent reflected or reserved against in the Balance Sheet, (ii) liabilities arising out of contracts or agreements listed in the schedules heretofore delivered to Mogul pursuant to this Section 7 which are not properly accruable as of December 31, 1964, and (iii) liabilities for taxes not being assumed by Mogul, Vellumoid did not have as of December 31, 1964 any debts, liabilities, or obligations of any nature, whether accrued, absolute, contingent or otherwise, and whether due or to become due, and Vellumoid does not know nor have any reasonable grounds to know of any basis for any assertion against Vellumoid as of December 31, 1964 of any debt, liability or obligation of any nature or in any amount not fully reflected or reserved against in the Balance Sheet.

(g) Since December 31, 1964 there has not been:

- (i) Any change in the condition (financial or otherwise), business or prospects of Vellumoid, except changes in the ordinary course of business, none of which has been materially adverse;
- (ii) Any damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties, assets, business or prospects of Vellumoid;

(iii) Any change in the accounting methods or practices followed by Vellumoid, or any change in depreciation or amortization policies or rates theretofore adopted;

(iv) Any debt, obligation or liability (whether absolute or contingent) incurred by Vellumoid (whether or not presently outstanding) except (A) current liabilities incurred, and obligations under agreements entered into, in the ordinary course of business, (B) obligations or liabilities entered into or incurred in connection with the execution of this Agreement, and (C) except inter-company transactions with its sole stockholder;

(v) Any sale, lease, abandonment or other disposition by Vellumoid of any real property, or, other than in the ordinary course of business, of any machinery, equipment or other operating properties; nor any sale, assignment, transfer or license by Vellumoid of any patent, trade-mark, trade name, brand name, copyright, pending application for any patent, trade-mark or copyright or any invention, process, know-how formula or trade secret or other intangible asset except as set forth in the schedule heretofore delivered to Mogul pursuant to Section 7(1) hereof; or

(vi) Any labor trouble, strike, or any other occurrence, event or condition of any similar or dissimilar character which materially and adversely affects or may materially and adversely affect the assets, properties, business or prospects of Vellumoid.

(h) Vellumoid has filed all tax returns (federal, state and local) required to be filed by it, and has paid all taxes shown to be due and payable on said returns or on any assessments received by it as well as all other taxes (federal, state and local) due and payable by it on or

before the date hereof, other than state and local taxes which are payable but the installment payments of which are not yet due. All federal income and excess profits tax returns of Vellumoid have been audited by the United States Internal Revenue Service for all fiscal years up to and including the fiscal period ended November 30, 1959 and all taxes and assessments for such years finally determined and paid.

(1) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not (i) result in any breach of any of the terms or conditions of, or constitute a default under, the Certificate of Incorporation or bylaws of Vellumoid, or any mortgage, note, bond, indenture, agreement, license or other instrument or obligation to which Vellumoid is now a party or by which Vellumoid or any of its properties or assets may be bound or affected, or (ii) violate any order, writ, injunction or decree of any court, administrative agency or governmental body.

(j) Vellumoid has delivered to Mogul a true and complete schedule (certified by the Treasurer of Vellumoid) setting forth (i) a complete description by metes and bounds or lot, block and section of each and every parcel of real property owned by Vellumoid together with a summary description of the buildings and improvements thereon, (ii) a description of each and every lease of real property to which Vellumoid is a party together with a summary description of the buildings and improvements thereon, and (iii) a description of all other interests, if any, in real property owned or claimed by Vellumoid. Vellumoid has good and marketable title in fee simple absolute to all real property which it purports to own and to the buildings and improvements thereon, and good and marketable title to all other interests in real property which it purports to

own, in each case free and clear of all liens, encumbrances, mortgages, assessments, covenants, restrictions, reservations, easements and other burdens of every nature except as set forth in the aforesaid schedule.

All leases of real property under which Vellumoid purports to be a lessee are valid, binding and in full force and effect and there exists no default thereunder and all of said leases are free and clear of all liens, encumbrances, mortgages, pledges and other burdens except as set forth in said schedule. Vellumoid has all easements and rights, including easements for power lines, water lines and roadways, necessary to conduct the business it now conducts.

All buildings, offices, shops and other structures owned or occupied by Vellumoid, and all machinery, equipment, tools, dies, fixtures, motor vehicles and other properties owned or used by Vellumoid, are in good operating condition and repair, ordinary wear and tear excepted, in accordance with standards generally accepted in the industry and are adequate and sufficient for all current operations of Vellumoid. Neither the whole nor any portion of any real property owned or occupied by Vellumoid has been condemned or otherwise taken by any public authority, nor does Vellumoid know or have reasonable grounds to believe that any such condemnation or taking is threatened or contemplated, except as set forth in the aforesaid schedule. None of the properties owned or occupied by Vellumoid, or the occupancy or operation thereof, is in violation of any law, or any building, zoning or other ordinance, code or regulation applicable to it and no notice from any governmental body has been served upon Vellumoid or upon any real property owned or occupied by Vellumoid claiming any violation of any such law, ordinance, code or regulation or requiring, or calling attention to the need for,

any work, repairs, construction, alterations or installation on or in connection with said properties which has not been complied with.

Vellumoid has good and marketable title to all personal property which it purports to own, including that reflected on its Balance Sheet (except as disposed of in the ordinary course of business or as expressly disclosed herein since December 31, 1964), free and clear of all liens, encumbrances, mortgages, conditional sale and other title retention agreements, pledges, assessments, covenants and other burdens of any nature.

(k) Vellumoid has delivered to Mogul a true and complete schedule (certified by the Treasurer of Vellumoid) setting forth all patents, trade-marks, trade names, brand names and copyrights, and all pending applications therefor, owned or used by or licensed to Vellumoid, together with a summary description and full information in respect of the filing, registration or issuance thereof. No licenses, sub-licenses, covenants or agreements have been granted or entered into by Vellumoid in respect of such patents, trade-marks, trade names, brand names, copyrights, applications or licenses except those described on the schedule heretofore delivered to Mogul pursuant to Section 7(1) hereof. The operations of Vellumoid, the manufacture, use and sale by it of its products, the use by it of its machinery, equipment and processes, the use of its products by its customers for the purpose for which sold, and the use or publication by it of its patents, trade-marks, trade names, brand names and advertising, technical or other literature does not involve, except as set forth on said schedule, infringement, or claimed infringement of any United States patent, trade-mark, trade name or copyright. No director, officer or employee of Vellumoid owns, directly

or indirectly, in whole or in part, any patents, trade-marks, trade names, brand names or copyrights or applications therefor which Vellumoid is presently using or the use of which is necessary for the business of Vellumoid as now conducted.

(1) Vellumoid has delivered to Mogul a true and complete schedule (certified by the Treasurer of Vellumoid) of all of the following contracts, agreements, leases, licenses, plans, arrangements or commitments to which Vellumoid is a party or by which Vellumoid is in any way affected or bound:

(i) All contracts, agreements or commitments in respect of the sale of products or services, or for the purchase of raw materials, supplies or other products or utilities, other than contracts, agreements or commitments involving payments or receipts by Vellumoid of less than \$50,000 in any single case and terminable by Vellumoid or to be fully performed within 12 months from the date hereof;

(ii) All collective bargaining, union or employment agreements or agreements providing for the services of an independent contractor;

(iii) All contracts, agreements, commitments or licenses relating to patents, trade-marks, trade names, brand names, copyrights, inventions, processes, know-how, formulae or trade secrets;

(iv) All stock option, profit sharing, pension, retirement, bonus, group life and health insurance or other employee benefit plans, agreements, arrangements or commitments, whether or not legally binding;

(v) All leases or other contracts, agreements or commitments

relating to or affecting real property or any interest therein;

(vi) All loan agreements, indentures, mortgages, pledges, conditional sales or title retention agreements, and equipment obligations, lease and lease purchase agreements; and

(vii) All contracts, agreements and commitments other than those of the types covered by paragraphs (i) through (vi) inclusive, above, involving payments or receipts by Vellumoid of more than \$50,000 in any single case, and not terminable by Vellumoid or not to be fully performed within 12 months from the date hereof,

All of said contracts, agreements, leases, licenses and commitments are valid, binding and in full force and effect and are assignable, except as set forth on the aforesaid schedule, to Mogul without the consent of any other party, and there is no existing default thereunder. Copies of all of the documents described in the aforesaid schedule have been made available by Vellumoid to Mogul and are true and complete and include all amendments, supplements or modifications thereto.

(m) There are no suits, actions, claims, investigations by any governmental body, or legal, administrative or arbitration proceedings pending or threatened against or affecting Vellumoid or any of the properties, assets or business of Vellumoid or to which Vellumoid is or might become a party, and neither Vellumoid nor any officer or director of Vellumoid knows of any basis or grounds for any such suit, action, claim, investigation or proceeding, except as set forth on a schedule (certified by the Treasurer of Vellumoid) heretofore delivered to Mogul. There is no outstanding order, writ, injunction or decree of any court, governmental agency or arbitration tribunal against or affecting Vellumoid, or the properties, business or prospects of Vellumoid.

(n) Vellumoid has delivered to Mogul a true and complete schedule (certified by the Treasurer of Vellumoid) setting forth all insurance policies (specifying the insurer, the amount of the coverage, the type of insurance, and the policy number) maintained by Vellumoid on its respective assets, business and personnel. Vellumoid is not in default with respect to any provision contained in any insurance policies, nor has it failed to give any notice or present any claim thereunder in due and timely fashion.

(o) Vellumoid has all governmental licenses and permits (federal, state and local) necessary to conduct its business (with the possible exception of qualification as a foreign corporation in the State of Oregon), and such licenses and permits are in full force and effect. No violations are or have been recorded in respect of such licenses or permits or any of them, and no proceeding is pending or, to the knowledge of Vellumoid or any of its officers or directors, threatened looking toward the revocation or limitation of any of them. Vellumoid has complied with all laws, rules, regulations and orders applicable to its business the enforcement of which would materially and adversely affect the properties, assets, liabilities, business or prospects of Vellumoid.

(p) All notes and accounts receivable of Vellumoid shown on the Balance Sheet and all notes and accounts receivable acquired by it subsequent to December 31, 1964 have arisen in the ordinary course of business and have been collected or are collectible in the aggregate recorded amounts thereof, except for amounts which have been written off on the books of Vellumoid prior to Closing and except for amounts aggregating in excess of \$20,000 determined after Closing to be uncollectible.

(q) The inventories of Vellumoid shown on its Balance Sheet and



the inventories acquired by it subsequent to December 31, 1964 consist of items of a quality and quantity usable and salable in the normal course of its business, and the value of obsolete materials and materials below standard quality has been written down on its books of account to realizable market value, or adequate reserves have been provided therefor, and the values at which such inventories are carried reflect the customary inventory valuation policy consistently applied by Vellumoid.

(r) The execution and delivery of this Agreement by Vellumoid and the performance of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors and shareholder of Vellumoid, and this Agreement has been duly and validly authorized by all necessary corporate action and is binding upon and enforceable against Vellumoid in accordance with its terms.

(s) Vellumoid is not in default, or alleged to be in default, under any agreement, contract, lease, commitment, instrument or obligation, and no other party to any agreement, contract, lease, commitment or instrument to which Vellumoid is a party is in default thereunder.

(t) Vellumoid does not have, nor has it had since December 31, 1964, any employee benefit arrangements of the types specified in Section 7(1)(iv) hereof except for the W. R. Grace & Co. Retirement Plan for Salaried Employees and the Aetna Life Insurance Company Group Annuity Contract referred to in Section 13 hereof, and the arrangements set forth on the schedule heretofore delivered to Mogul pursuant to Section 7(1)(iv) hereof.

(u) No officer and, to the knowledge of Vellumoid or any of its officers or directors, no employee of Vellumoid owns, directly or in-

directly, a controlling interest in or is an employee of any corporation, partnership or other business entity which is a competitor or a potential competitor of Vellumoid.

8. Representations and Warranties by Mogul. Mogul represents and warrants to Vellumoid as follows:

(a) Mogul is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan.

(b) The execution and delivery of this Agreement by Mogul and the performance of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of Mogul and this Agreement is binding upon and enforceable against Mogul in accordance with its terms.

9. Change of Name and Final Tax Returns of Vellumoid. At or promptly after the Closing, Vellumoid will take all such action as may be required to change its name to Worcester Liquidating Company or to such other name as may be approved by Mogul.

After the Closing, Vellumoid will promptly prepare, sign and duly file tax returns (federal, state and local) required to be filed by it and will pay all taxes shown to be due thereon.

10. Conduct of Vellumoid Business Prior to Closing. Vellumoid covenants, represents and warrants that, except as otherwise consented to in writing by Mogul, pending the Closing:

(a) The business of Vellumoid will be conducted only in the ordinary course.

(b) No change will be made in the Certificate of Incorporation or bylaws of Vellumoid.

(c) No change will be made in the authorized or issued capital stock of Vellumoid, nor shall any rights, warrants or options relating thereto be issued or exercised.

(d) Vellumoid will use its best efforts to preserve the business organization of Vellumoid intact and to keep available to Mogul the services of the present officers, employees and agents thereof and will use its best efforts to preserve for Mogul the good will of suppliers, customers and others having business relations therewith.

(e) Vellumoid has delivered to Mogul a schedule (certified by the Treasurer of Vellumoid) setting forth changes in the rate of compensation of certain employees between December 31, 1964 and the Closing. Except as set forth in said schedule, no increase will be made in the compensation or rate of compensation or commissions payable or to become payable by Vellumoid to any salaried employee who is exempted from the provisions of the Fair Labor Standards Act, and no bonus (other than those outlined in letter dated July 20, 1965 from Grace to Mogul), profit sharing or other extraordinary compensation will be paid by Vellumoid, nor will any employee benefit arrangements of the types specified in Section 7(1)(iv) hereof be adopted or entered into, or be amended, modified or changed in any respect, except as set forth in this Agreement.

(f) No contract, agreement, obligation, lease, license or commitment will be entered into or assumed by or on behalf of Vellumoid, except for normal and ordinary contracts, agreements or commitments not involving payments or receipts by Vellumoid of more than \$50,000 in any single case for the purchase of raw materials, supplies or other products or utilities or for the sale of their products or services; Vellumoid will not enter into or assume any lien, encumbrance, mortgage, condi-

tional sale or other title retention agreement, pledge, or charge of any kind upon any of its assets whether now owned or hereafter acquired, or create or assume any obligation for borrowed money (other than inter-company transactions with its sole stockholder), or make any loans or advances to or assume, guarantee, endorse or otherwise become liable with respect to the obligations, stock or dividends of any person, firm, association, or corporation or purchase or otherwise acquire any stocks, bonds or other securities of any person, firm, association or corporation or sell, lease, abandon, or otherwise dispose of any real property, machinery, equipment or other operating properties, patent, trade-mark, trade name, brand name or copyright, pending application for any patent, trade-mark or copyright, invention process, know-how formula, trade secret or other intangible asset, except for transactions in the ordinary course of business.

(g) Vellumoid will duly and timely file all reports or returns required to be filed with federal, state, local and other authorities and will promptly pay all federal, state and local taxes, assessments and governmental charges lawfully levied or assessed upon it or its properties or upon any part thereof, and will duly observe and conform to all lawful requirements of any governmental authority relative to its properties or to the operation and conduct of its business and to all terms and conditions upon or under which any of its properties are held, provided that Vellumoid may contest in appropriate proceedings any and all such taxes, assessments, charges or requirements which may be contested in good faith.

(h) All buildings, offices, shops and other structures and all machinery, equipment, tools, dies, fixtures, motor vehicles and other property of Vellumoid will be kept and maintained in good operating condition and repair.

(i) Vellumoid will continue to maintain in full force and effect all policies of insurance now in effect or renewals thereof.

(j) Vellumoid will not merge, amalgamate or consolidate with any other corporation or acquire all or substantially all of the stock or the business or assets of any other person, firm, association or corporation.

(k) Vellumoid shall give, from and after the date hereof, to Mogul and to Mogul's counsel, accountants, engineers and other representatives, full access during normal business hours throughout the period prior to the Closing to all of its plants, offices, properties, books, contracts, commitments, records and affairs so that Mogul may inspect and audit them and will furnish to Mogul copies (certified, if requested) of all documents and all such information concerning the properties and affairs of Vellumoid as Mogul may reasonably request.

11. Conditions Precedent to Mogul's Obligations. All obligations of Mogul under this Agreement are subject, at Mogul's option, to the fulfillment, prior to or at the Closing, of each of the following conditions:

(a) All representations and warranties of Vellumoid contained in this Agreement and in any statement (including financial statements), deed, certificate, schedule or other document delivered pursuant hereto, or in connection with the transactions contemplated hereby, shall be true and accurate as of the date when made and shall be deemed to be made again at the time of the Closing and shall then be true and accurate in all respects.

(b) Vellumoid shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

(c) Vellumoid shall have delivered to Mogul a certificate of the President and a Vice President of Vellumoid, dated the date of Closing, certifying to the fulfillment of the conditions set forth in Section 11(a) and (b) hereof.

(d) Vellumoid shall have delivered to Mogul an opinion of F. Franklin Moon, Esq., General Counsel for Vellumoid, dated the date of the Closing, in form and substance satisfactory to Mogul, that:

(i) The corporate existence, foreign qualifications, good standing and corporate power and authority of Vellumoid are as represented and warranted in Section 7(a) hereof.

(ii) The capital stock of Vellumoid is as represented and warranted in Section 7(b) hereof.

(iii) Vellumoid has full power and authority to sell, convey, assign, transfer and deliver the Vellumoid Assets as herein provided, all legal and corporate proceedings necessary to be taken by Vellumoid in connection with the transactions provided for by this Agreement and necessary to make the same effective have been duly and validly taken, and this Agreement has been duly and validly authorized, executed and delivered by Vellumoid and constitutes a valid and binding obligation of Vellumoid, enforceable against Vellumoid in accordance with its terms.

(iv) Except as specified in said opinion, such counsel does not know or have any reason to believe that Vellumoid is a party to or affected by any pending suit, action, investigation by any governmental body, or legal, administrative or arbitration proceeding or that any such suit, action, investigation or proceeding is threatened to which Vellumoid might become a party or which might

affect its properties, business or prospects.

(v) Such counsel does not know or have any reason to believe that any representation or warranty by Vellumoid in this Agreement or in any statement, deed, certificate, schedule or other document delivered pursuant hereto or in connection with the transactions contemplated hereby is false or inaccurate in any respect, or that any statement of fact made by Vellumoid herein or therein contains any untrue statement of fact or omits to state any fact necessary in order to make the statements herein or therein contained not misleading.

Such opinion shall also opine favorably on such other matters incident to the transactions contemplated hereby as Mogul may reasonably request. Such opinion insofar as it relates to real property located outside of the Commonwealth of Massachusetts may be based upon the opinions of local counsel, in which event the opinion of F. Franklin Moon, Esq. shall opine that Mogul is justified in relying on such opinions of local counsel.

(e) Mogul shall have received such legal opinions, title insurance (or commitments therefor) or other evidence, in form and substance satisfactory to it and its counsel, as it may deem necessary to establish that:

(i) As of the Closing, the titles of Vellumoid to the real property referred to in Section 7(j) hereof are as represented in said Section 7(j), and

(ii) The instruments of sale, conveyance, transfer and assignment delivered to Mogul at the Closing are valid in accordance with their terms, proper in form and substance to accomplish their in-

tended purpose and effectively vest in Mogul good and marketable title of the character stated in Section 7(j) hereof to the Vellumoid Assets.

(f) All actions, corporate proceedings, instruments and documents required to carry out this Agreement, or incidental thereto, and all other related legal matters, shall have been approved by Messrs. Dickinson, Wright, McKean & Cudlip, Detroit, Michigan, counsel for Mogul.

(g) Vellumoid shall have complied in all respects with such applicable Bulk Sales Laws as Mogul shall designate in a written notice given not less than 30 days prior to the Closing, and with all such other applicable laws with which it is necessary to comply for the valid and effective consummation of the transactions provided for in this Agreement and to free Mogul of liability for any debt, liability or obligation of Vellumoid except those which Mogul has herein expressly agreed to assume.

(h) No suit, action, investigation, inquiry or proceeding by any governmental body, or legal or administrative proceeding shall have been instituted which questions the validity or legality of the transactions contemplated hereby.

(i) Vellumoid shall have entered into written agreements, assignable to Mogul, with all of its employees who perform services of a technical, professional or business nature and who by reason of their technical knowledge or their skills, training, background or capacity are in a position to make or contribute to the making of inventions or to have access to trade secrets requiring said persons to assign their entire right, title and interest in and to any such inventions to Vellumoid and to keep secret and confidential all trade secrets of Vellumoid.



12. Conditions Precedent to Vellumoid's Obligations. All obligations

Vellumoid under this Agreement are subject, at Vellumoid's option, to the fulfillment, prior to or at the Closing, of each of the following conditions:

(a) All representations and warranties of Mogul contained in this Agreement and in any statement (including financial statements), certificate, schedule or other document delivered pursuant hereto, or in connection with the transactions contemplated hereby, shall be true and accurate as of the date when made and shall be deemed to be made again at the time of the Closing and shall then be true and accurate in all respects.

(b) Mogul shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

(c) Mogul shall have delivered to Vellumoid an opinion of Messrs. Dickinson, Wright, McKean & Cudlip, Detroit, Michigan, counsel for Mogul, dated the date of the Closing, in form and substance satisfactory to Vellumoid, that:

(i) Mogul's corporate existence and good standing are as represented and warranted in Section 8(a) hereof.

(ii) All legal and corporate proceedings necessary to be taken by Mogul in connection with the transactions provided for by this Agreement and necessary to make the same effective have been duly and validly taken, and this Agreement has been duly and validly authorized, executed and delivered by Mogul and constitutes a valid and binding obligation of Mogul, enforceable against Mogul in accordance with its terms.

13. Assumption of Pension Obligations.

(a) As soon as may be practicable after the Closing, Mogul, Vellumoid and W. R. Grace & Co. shall take such action and execute and deliver such instruments and documents as may be required in order to set aside into a separate trust qualified under Section 501(a) of the U.S. Internal Revenue Code, the proportionate share of the market value of the funds in the W. R. Grace & Co. Retirement Plan for Salaried Employees (the "Plan") as of the date of Closing held for the benefit of Vellumoid salaried employees who become employees of Mogul as of the date of Closing, together with interest thereon from the date of Closing until the date such funds are transferred, computed at the rate of return earned by the Trust Fund of the Plan during 1965 until the date of Closing. Such proportionate share shall be determined by an actuarial evaluation to be made by Alexander & Alexander Inc., the actuary under the Plan, on the same basis and with the same factors and assumptions heretofore applied in connection with the Plan, employing its determination of liabilities as of December 31, 1964 and adjusting the determination of such proportionate share to give effect to contributions, earnings of the fund, retirements, vested terminations, and other pertinent transactions occurring thereafter and before the date of the Closing. (Had this computation been made as of December 31, 1964, the applicable liabilities for those persons who were then Vellumoid employees would have been approximately \$65,000 and the proportionate share of the funds held under the Plan applicable to such liabilities would have been approximately \$74,000). Such proportionate share shall then be certified by the Retirement Board and Administrative Committee designated under the Plan. Upon setting aside of such funds in the separate

First, Mogul shall assume all liabilities of Vellumoid and Grace under the Plan in respect of employees of Vellumoid who transfer to Mogul at the Closing, as detailed in a schedule to be transmitted to Mogul at the time of the transfer of the funds, and Mogul, Vellumoid and Grace shall take such further action as may be necessary, convenient or appropriate to transfer to Mogul all of the rights, and to cause Mogul to assume all the obligations, of Vellumoid and Grace under the Plan with respect to such employees to the end that the Plan shall continue with respect to such employees subsequent to the date of the Closing and that Mogul shall be substituted for Vellumoid and Grace as the employer under the Plan, until such time as the Plan is consolidated with Mogul's Retirement Program for Salaried Employees (the "Program").

When and if the funds which have been set aside in a separate trust are transferred to Mogul's Program, Mogul guarantees that they will be used for funding benefits in the Program, and that the Program will preserve benefits accrued to the date of transfer to employees under the Plan. Mogul further guarantees that the amount of such benefits shall not be less than the amount then accrued under the Plan to such employees, it being the intent hereof that Mogul shall have the right, in its sole discretion, to amend, modify, and consolidate the Plan into its Program in such form as to preserve, as of the date of such transfer, the benefits for which any employee was eligible under the Plan on the date prior thereto, subject, however, to any variations in benefit level which Mogul in its sole judgment determines to be appropriate by reason of any applicable Federal or State Law.

All action to be taken hereunder shall be contingent upon approval of the U.S. Internal Revenue Service, including a written ruling by the Service, issued in advance of the transfer of funds, that the separate trust to be created by Mogul to receive such funds will qualify under Section 501(a) of the Internal Revenue Code.

(b) Vellumoid and Grace shall take such action as is necessary to amend Aetna Life Insurance Company Group Annuity Contract GA-220 effective as of the Closing date, substituting Mogul in place of Vellumoid as contract holder, in order that all of the retirement benefits provided under said annuity contract are preserved for the benefit of Vellumoid employees and all contract holder rights, including contract holder credits, are transferred to Mogul as contract holder.

(c) Mogul hereby agrees to provide hospital, surgical, life, health and accident group insurance coverage for salaried employees of Vellumoid who become employees of Mogul as of the date of Closing and all retired salaried and hourly employees of Vellumoid, on the same basis and containing substantially similar benefits to those now available under the coverage outlined in the Schedule delivered to Mogul pursuant to Section 7(1)(iv) hereof, subject however, to any variations in benefit level which Mogul in its sole judgment determines to be appropriate by reason of any applicable Federal or State Law, until such employees are covered for similar type benefits under Mogul's benefit plans.

14. Survival of Representations and Warranties of Vellumoid. All covenants, agreements, representations and warranties made by Vellumoid hereunder or pursuant hereto or in connection with the transactions contemplated hereby shall survive the Closing and remain effective regardless of any investigation at any time made by or on behalf of Mogul or of any information Mogul may have in respect thereof.

15. Survival of Representations and Warranties of Mogul. All covenants, agreements, representations and warranties made by Mogul hereunder or pursuant hereto or in connection with the transactions contemplated hereby shall survive the Closing and remain effective regardless of any investigation at any time made by or on behalf of Vellumoid or of any information Vellumoid may have in respect thereof.

16. Expenses. Each party shall pay its own expenses incurred by or on behalf of it in connection with the authorization, preparation, execution and performance of this Agreement, including, without limitation, all fees and expenses of agents, representatives, counsel and accountants.

17. Brokers. Each party to this Agreement represents and warrants that no broker or finder has acted for it in connection with this Agreement or the transactions contemplated hereby and that no broker or finder is entitled to any brokerage or finder's fee or other commission in respect thereof based in any way on agreements, arrangements, or understandings made by it; and each party to this Agreement agrees, with respect to any claim for any such brokerage or finder's fee or other commission based in any way on any agreement, arrangement or understanding made or alleged to have been made by it, to indemnify and hold harmless the other party hereto.

18. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, given by prepaid telegram or mailed first-class, postage prepaid, registered or certified mail as follows:

If to Mogul---

Federal-Mogul Corporation  
11031 Shoemaker Avenue  
Detroit, Michigan 48213  
Attention: S. E. MacArthur

If to Vellumoid---

W. R. Grace & Co.  
Dewey and Almy Chemical Division  
62 Whittemore Avenue  
Cambridge, Massachusetts 02140  
Attention: R. M. Vining

19. General. This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. This Agreement sets forth the entire agreement and understanding of the parties in respect of the transactions contemplated hereby and supersedes all prior agreements, arrangements and understanding relating to the subject matter hereof. No representation, promise, inducement or statement of intention has been made by Vellumoid or Mogul which is not embodied in this Agreement or the statements, deeds, certificates, schedules or other documents delivered pursuant hereto or in connection with the transactions contemplated hereby, and neither Vellumoid nor Mogul shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not so set forth.

All the terms, covenants, representations, warranties and conditions of this Agreement shall be binding upon, and inure to the benefit of and be enforceable by, the parties hereto and their respective successors, but this Agreement and the rights and obligations hereunder shall not be assignable by either party. By its execution of this Agreement, W. R. Grace & Co., the sole stockholder of Vellumoid, agrees that it shall be deemed a successor of Vellumoid for the purposes of this Section 19 to the extent of the purchase price. This Agreement may be amended, modified, superseded or canceled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by both Mogul and Vellumoid or, in the case of a waiver, by the party waiving compliance. The failure of either party at any time or times to require performance of any provision hereof shall in no manner affect the right to enforce the same. No waiver by either party of any condition, or of the breach of any term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term, covenant, representation or warranty of this Agreement.

20. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

(Corporate Seal)

Attest:

James H. Dingeman  
Secretary

FEDERAL-MOGUL CORPORATION

By James O. Wright  
President

(Corporate Seal)

Attest:

Charles T. Dugan  
Clerk

THE VELLUMOID COMPANY

By George W. Blackwood  
President

Attest:

W. R. GRACE & CO.

By George W. Blackwood  
President of its

Dewey and Almy Chemical Division

Charles T. Dugan  
Assistant Secretary



THE VELLUMOID COMPANY

SCHEDULE OF INTERESTS IN REAL PROPERTY

Interests

All that certain parcel of land situate in Worcester, County of Worcester, Commonwealth of Massachusetts, described in Owner's Duplicate Certificate of Title No. 30332 a copy of which is attached hereto, registered in Book 31, page 6176 of the Land Court. A building on this property encroaches at two points on an adjoining Private Way.

All that certain parcel of land situate in Taunton, County of Bristol, Commonwealth of Massachusetts, described in Owner's Duplicate Certificate of Title No. 30528 a copy of which is attached hereto, registered in Book 18, page 17 of the Land Court.

Mortgage Interest

Second Mortgage on land situated in Arlington Acres, County of Cook, State of Illinois, described in Mortgagee's Duplicate Certificate of Title No. 390164, copy of which is attached hereto.

Leased Interests

Agreement dated January 22, 1940 with Boston and Maine Railroad, containing license to maintain guy wires over land of the Railroad in Worcester, Massachusetts, for rental of \$2.00 per year.

Lease dated January 1924 from Boston and Maine Railroad, leasing approximately 50 sq. ft. of land adjoining the plant at Worcester, Mass., at a rental of \$12.00 per year.

Lease dated September 22, 1946 from Korton Company, leasing 1,406 sq. ft. of land adjoining the plant at Worcester, Mass., at a rental of \$1.00 per year.

Lease dated February 1, 1962 from Parker Realty Trust, leasing warehouse at 84 Prescott Street, Worcester, Mass., at a rental of \$1,750.00 per year.

Lease terminable on 30 days' notice to Confi Coil Co. of a building at Taunton, Mass., at a rental of \$900 per year.

## Buildings and Improvements

Worcester. The buildings at Worcester are mostly of brick and steel construction and contain approximately 74,100 sq. ft. of floor space, plus 9,500 sq. ft. of space in Quonset buildings and 1,400 sq. ft. of space in frame garage buildings.

## Taunton

Manufacturing (mostly brick)	29,500	sq. ft.
Office (frame)	1,350	" "
Shed (frame)	3,200	" "
Boiler House (brick)	2,180	" "
Storage Shed (frame)	<u>2,350</u>	" "

38,580 sq. ft.